



Date:

December 15, 2008

To:

Audit and Finance Committee

From:

Gary Ray, City Auditor

Subject:

Adult Softball League Revenues, Audit Follow-up

Cc:

Bryan Raines, Deputy City Manager

Rhett Evans, Parks, Recreation and Commercial Facilities Director

Mike Holste, Parks, Recreation and Commercial Facilities Assistant Director J.D. Dockstader, Parks, Recreation and Commercial Facilities Assistant Director

Dave Dunne, Parks, Recreation and Commercial Facilities Supervisor Sue Deck, Parks, Recreation and Commercial Facilities Fiscal Analyst

Pursuant to the City Auditor's practice of conducting audit follow-up reviews 9-12 months after issuing an audit report we have completed a follow-up review of the Adult Softball League Revenues audit.

The purpose of this letter is to transmit the report to the Audit and Finance Committee. The report package consists of the report, 4 Corrective Action Plans (CAPs), and the Management Response.

We would like to thank the Parks, Recreation, and Commercial Facilities management and staff for their cooperation, professionalism, and assistance throughout the audit process.

If you have any questions please feel free to contact me at x3210 or Jason Taylor at x3635.



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Background

On April 13, 2007, we issued a report on our audit of Adult Softball League Revenues. The objectives of that audit were to determine the extent of financial losses related to employee theft and to identify internal control weaknesses that may have allowed the theft to occur. Our report included four Corrective Action Plans and recommendations to address our findings. We recently completed a routine follow-up review to determine whether changes were implemented and whether new procedures are being followed.

Summary

While the Parks, Recreation and Commercial Facilities (PRCF) department has significantly improved its internal control environment for the Adult Softball program, it should fully implement the remaining audit recommendations to further strengthen controls and protect against errors and fraud.

PRCF has done a commendable job of removing program staff from the payment process and training staff about the importance of internal controls. The department has also improved its Adult Softball accounting procedures by requiring payments to be entered separately into RecTrac, thus creating an audit trail.

However, we still noted some significant control weaknesses during our review. For example, certain employees have excessive access within the RecTrac application. In addition, staffing reductions and the nature of certain transactions warrant independent reviews or reconciliations, which are not consistently performed. PRCF should fully implement our recommendations to identify its key risks and develop corresponding controls.

A summary of recommendations is below, followed by four corrective action plans. Additionally, see Appendix A for a summary of which original audit recommendations have been implemented or remain outstanding.

Recommendations

- 1. Fully implement remaining audit recommendations for improving management of late and partial payments.
 - a. Implement a formal procedure to ensure receivables are monitored and collected in a timely manner.
 - b. Limit late registration payments to cash or credit cards.
- 2. Fully implement remaining audit recommendations for improving documentation.
 - a. Post a sign at late softball registration locations indicating that all patrons shall receive a receipt.
 - b. Ensure that all transactions are associated with a household, so the team or coach making the payment can be identified.
 - c. Ensure that all refunds are fully authorized and documented.
- 3. Implement the following new recommendations to improve data integrity:
 - a. Ensure that reconciliations are only performed by independent employees using comprehensive reports.
 - b. Realign employees' RecTrac access rights with their job responsibilities, and develop compensating controls where necessary.
- 4. Fully implement remaining audit recommendations regarding risk management.
 - a. Conduct a risk assessment to identify other key risks associated with the Adult Softball program.
 - b. Determine, implement, and monitor controls to mitigate those risks.

Title:

Late and Partial Payments

Observations:

PRCF has not fully implemented audit recommendations regarding late and partial payments. Specifically:

- 1. PRCF has not developed formal procedures for limiting or monitoring accounts receivable, and failed to identify and take action on a \$20 underpayment.
- 2. PRCF does not limit payments to cash or credit cards during the late registration period. PRCF does not communicate a payment limitation to patrons in published registration information, and accepted 15 checks during Fall 2008 late registration.

Criteria:

Adult Sports information published each season by the Parks and Recreation Division specifies, "Payment must be made at time of registration," and "Each team is required to make payment (in full) at the time of registration."

Further, auditors had recommended that PRCF: a) implement a formal procedure to ensure receivables are monitored and collected in a timely manner; b) prohibit teams from playing until full payment has been received; and c) limit payments to cash or credit cards during late registration.

Comments:

During the original audit, auditors noted that failure to collect all fees prior to the start of the softball season contributed to an overall lack of controls over program revenues. Since no process existed to track unpaid fees, there was no way to know that a team had a balance due, and no way to ensure that a balance due was ever paid. Although PRCF has taken steps to limit and review receivables, the \$20 underpayment identified during the followup suggests that procedures are not yet adequate.

Regarding late registration check payments, if a late-season or post-season check is returned for insufficient funds, the City will have already provided the service (a full season of league play). The practice of accepting late and partial payments increases the risk that fees will not be collected and that uncollected fees will not be detected.

Recommendations:

- 1. A formal procedure should be implemented to ensure receivables are monitored and collected in a timely manner.
- 2. Except as recommended in #1 above, no team should be permitted to play until full payment has been received & recorded in RecTrac.
- 3. Late registration payments should be limited to cash or credit cards, and this should be communicated in registration materials provided to patrons.

Title:	Documentation	
Observations:	 For locations at which late registration payments are accepted, PRCF has not posted a notice indicating that all patrons shall receive a receipt. During Fall 2008 registration, 2 transactions were processed under a generic household. PRCF did not adequately document that refunds were properly authorized by program staff. 	
Criteria:	 PRCF's draft Adult Softball registration procedures require staff to record transactions under the coaches' Household IDs, and for staff to provide a receipt to patrons. Informing patrons of the receipt requirement adds another potential check of the cash-handling process. PRCF's Financial Management Policy states that "refunds shall be documented and approved by the program supervisor." 	
Comments:	The lack of documentation for Adult Softball transactions and activities directly contributed to the Division's failure to detect employee theft in a timely manner. During the original audit, auditors noted a refund issued to a credit card that had never been used to make a payment, with no documentation as to who received the refund or the reason for the refund. Without documented, independent authorizations, independent staff cannot adequately verify the appropriateness of refunds.	
Recommendations:	 PRCF should post a sign at its late softball registration locations indicating that all patrons shall receive a receipt. PRCF should also add this requirement to its Adult Softball registration procedures, and finalize the procedures. All transactions should be associated with a household, so the team or coach making the payment can be identified. Refunds should be fully authorized and documented in accordance with 	

Division policies. The reason for the refund, the authorization, and

evidence of the original payment should all be documented.

Title:

Data Integrity

Observations:

- 1. Incomplete information is used to reconcile net cash receipts to the number of teams on the published standings. The information would not necessarily account for all payment refunds or adjustments.
- 2. Reconciliations are not performed by an independent employee, which contributed to PRCF's failure to identify a \$20 underpayment.
- 3. Several PRCF employees involved with Adult Softball have inappropriate RecTrac access rights, such as program staff with the ability to process payments and refunds.

Criteria:

Auditors had recommended that management implement preventative and detective controls to ensure that only accurate and complete data is reported. Controls were to include segregation of duties and information systems controls.

Internal control standards issued by the US Government Accountability Office (GAO) provide that "Operating reports are integrated or reconciled with financial and budgetary reporting system data and used to manage operations on an ongoing basis, and management is aware of inaccuracies or exceptions that could indicate internal control problems."

Comments:

Various reports are relied upon by management when making decisions related to resource allocation, fee structures/increases, program development and cost recovery status. Without adequate controls over the reports' accuracy, management risks making inappropriate decisions. Further, management is not as likely to identify and follow-up on discrepancies.

Recommendations:

- 1. A comprehensive cash receipts report should be used to reconcile to the number of teams on the published standings. Specifically, the report should include all transaction types for Adult Softball registration and forfeit fees, including payments, refunds, and adjustments. For each transaction, the report should include the applicable Household name or ID number, date, amount, and payment type.
- 2. An independent employee should be responsible for reconciling net cash receipts to the number of teams on the published standings.
- 3. RecTrac access rights should be periodically reviewed and realigned with job responsibilities.
- 4. For excessive access rights that cannot be resolved due to RecTrac limitations, compensating controls should be developed. For example, since employees' ability to adjust or waive Adult Softball fees cannot be changed, an independent employee should review Adult Softball transactions to ensure that any waived or adjusted fees are supported by evidence of management approval.

Subject: Adult Softball Revenues Audit Follow-up

December 2008

Title:

Risk Management

Observations:

- 1. Management did not follow-through in identifying and addressing the significant risks associated with the Adult Sports program, as demonstrated by the other control weaknesses noted during the follow-up review.
- 2. Management did not strengthen other data integrity controls after learning that the League Scheduling Module is not a viable option for tracking league activity.

Criteria:

Auditors had recommended that PRCF management identify key risks and determine, implement and monitor the controls needed to address those risks. To facilitate this, auditors also recommended that PRCF implement the RecTrac League Scheduling Module and use it to track all league activity.

Managers are responsible for ensuring that the activities and employees they manage:

- 1. Comply with applicable laws and policies.
- 2. Accomplish the organization's mission.
- 3. Report relevant and reliable data to decision makers.
- 4. Use resources in an economical and efficient manner.
- 5. Safeguard the organization's assets.

Comments:

In working with auditors and developing internal control trainings, PRCF management had identified some risks and outlined proper segregation of duties. However, management did not fully segregate the reconciliation function as outlined, and did not attempt to identify other risks.

Regarding the League Scheduling Module, PRCF tested the Module for one of the more basic Adult Sports leagues. However, program staff asserted that the Module was too simplified for the complexities of the Adult Softball league. For example, the Module cannot "stratify" multiple games equally across various start times, and does not allow for seeding. Management should have recognized that the Module's shortcomings increase the importance of other controls, such as independent reconciliations.

Recommendations:

- 1. Conduct a risk assessment to identify the key risks associated with the Adult Softball program.
- 2. Determine, implement, and monitor controls to mitigate those risks.

Appendix A Implementation Status of Audit Recommendations

RECOMMENDATION	<u>Status</u>
1. Registration process controls:	
 a. Segregate the duties involved in the registration process and do not allow program staff to accept payments. 	Implemented
b. Hold softball registration at a location equipped to access the RecTrac system.	Implemented
c. Revise registration forms to include additional information and to clarify payment information.	Implemented
d. For each softball season, have a clearly defined registration period, ending on or before the first day of play. In addition, clearly define any "late registration" period, and limit payments to cash or credit cards during late registration.	Not Fully Implemented Although PRCF now clearly defines registration periods, it does not communicate to patrons that late registration payments are limited to cash or credit cards. During the Fall 2008 season's late registration period, PRCF accepted 15 check payments. According to PRCF staff, they were trying to boost low registration, and did not want to hinder teams' ability to register.
e. Do not allow any team to register with partial payment, or no payment, unless a receivable for the balance is approved by management and recorded in RecTrac. A formal procedure should be implemented to ensure receivables are monitored and collected in a timely manner.	Not Fully Implemented Although PRCF is working to limit accounts receivable transactions, it has not developed formal procedures for limiting or monitoring them. During the Fall 2008 season, PRCF failed to identify and take action on a \$20 underpayment.
f. Ensure all checks are made payable to the City of Mesa. Clearly and conspicuously post this wherever payments are accepted, and include it on any printed materials referencing fees or payment options.	Implemented
g. Require church leagues to follow the same registration procedures as other leagues.	No longer applicable Church leagues no longer participate in the Adult Softball program. Instead, they manage their own league and simply rent Mesa's facilities.
h. Do not allow employees to adjust or waive fees without proper authorization.	Implemented

Appendix A Implementation Status of Audit Recommendations

	**************************************	RECOMMENDATION .	STATUS
2.	Do	cumentation:	
	a.	Completely & accurately document all transactions and immediately record them in RecTrac.	Implemented
	b.	Provide a receipt and a copy of the registration form to all patrons.	Implemented
	c.	Clearly and conspicuously post a notice, wherever payments are accepted, indicating that all patrons shall receive a receipt.	Not Fully Implemented A notice is posted during normal registration and patrons are verbally told to wait for their receipt. However, PRCF should also post these notices at locations that process late registrations.
	d.	Require patrons to fill out registration/roster forms completely.	Implemented
	e.	Fully document refunds as to the reason & authorization; and provide a reference to verify the original payment (i.e. the original transaction number or receipt number).	Not Fully Implemented The refund authorization process and documentation is still inadequate. For all 3 refunds identified, the reasons for refunds were documented, but there was no evidence that refunds were properly authorized.
	f.	Record all league registration transactions under a RecTrac household number, so the individual responsible can be identified. Each payment should be processed separately, so that there is a record of payment for each team.	Implemented
3.	Da	ta integrity:	
	a.	Implement both preventative and detective controls to ensure that the data reported to management is accurate and complete.	 Not Fully Implemented The primary reports used by management rely on revenue information recorded in RecTrac. PRCF made an effort to verify this information by reconciling net cash receipts to the number of teams on the published standings. However, auditors noted the following control weaknesses: Information used to perform the reconciliations is incomplete. Reconciliations were not performed by an independent employee (see rec 4.a). Several PRCF employees involved with Adult Softball have inappropriate RecTrac access rights.

Appendix A Implementation Status of Audit Recommendations

		RECOMMENDATION	STATUS
	b.	Apply additional scrutiny when financial results fail to meet projections.	Implemented
4.		sk management, management oversight, and ontrol Environment:	
	a.	Identify key risks and determine, implement and monitor the controls needed to address those risks. Consider using Control Self-Assessment, a tool that encourages employee involvement in identifying risks.	Not Fully Implemented PRCF has not conducted a risk assessment to ensure that all risks have been identified. Although PRCF outlined proper segregation of duties in its internal control trainings it did not fully implement them, as one employee is responsible for cash handling, recordkeeping, and reconciliations.
	b.	Implement the RecTrac League Scheduling Module and use it to track all league activity.	Program staff have found the League Scheduling Module to be too simplified for the complexities of the Adult Softball league. However, as evidenced by the control weaknesses noted at recs 3.a and 4.a, management did not recognize the need for other data integrity controls after learning that the Module is not a viable option for tracking league activity.
	c.	Ensure that supervisors are adequately overseeing the activities of their subordinates.	Implemented
	d.		Implemented



December 10, 2008

TO:

Gary Ray, City Auditor

THROUGH:

Chris Brady, City Manager

Bryan Raines, Deputy City Manager

FROM:

Rhett Evans, Director 79

SUBJECT:

Department Response to Auditors Report for Adult Softball DT 11-06-08

This report is in response to the Adult Softball League Revenues Audit Follow-up Draft Report forwarded to the PRCF Department by the City Auditors Office. After the original audit of 2007 and upon departmental reorganization, policies and guidelines were reviewed and revised to further strengthen its internal control measures. As a part of this audit, these department policies and guidelines will again be reviewed and revised in accordance with the recommendations from the City Auditors office.

The PRCF Department continually is looking for ways to ensure financial integrity, provide checks and balance in our processes. We appreciate the assistance and feedback from the Auditor's office and welcome its recommendations. We agree with these findings and in fact have made changes beginning with the Winter 2008 Softball Registration. There were significant control weaknesses identified in the initial 2007 audit of which we have done a great deal to address and implement procedures to minimize risks.

CAP #1: Late and Partial Payments

- 1. PRCF has not developed formal procedures for limiting or monitoring accounts receivable, and failed to identify and take action on a \$20 underpayment.

 Response: Informal procedures are in place; however formal procedures will be incorporated. In this specific instance, full payment of \$460.00 for registration was received. The \$20 delinquent payment was an outstanding balance due for a previous forfeiture fee. When a payment is applied in RecTrac, any outstanding balance is credited first. This \$20 was identified as a forfeit fee and patron has been invoiced requesting payment. The department continues to explore process improvement related to forfeit fees.
- 2. PRCF does not limit payments to cash or credit cards during the late registration period. PRCF does not communicate a payment limitation to patrons in published registration information, and accepted 15 checks during Fall 2008 late registration.
 Response: Late Registration limitations are now included in registration information. Per PRCF policy, during late registration, cash and credit cards are the only acceptable methods, with the exception of company sponsored checks. For Fall 2008, late registration information did not include notification of payment limitations for late registrations. Staff followed all cash handling processes for all regular registrations, but made a decision to accept 15 checks so

that a minimum number of teams were enrolled and the program could continue. While this went against internal policy, the issue has been addressed with staff. This policy was originally put into place to address non-sufficient checks that were received by the department. With the new on-line registration module, soon to be implemented, this procedure is under review to determine if it is still needed.

CAP #2: Documentation

1. For locations at which late payments are accepted, PRCF has not posted a notice indicating that all patrons shall receive a receipt.

Response: Signage is now posted at the remaining two recreation offices.

- 2. During Fall 2008 registration, 2 transactions were processed under a generic household.

 Response: Of 245 transactions processed, 2 were processed with data entry errors and registered to a "generic household" account. To ensure transactions are processed accurately, PRCF accounting staff now conducts an internal audit after registration takes place to ensure that all registrations are processed and reconciled correctly.
- 3. PRCF did not adequately document that refunds were properly authorized by program staff.

Response: Per the PRCF Guideline titled: Financial Management Policy, refunds are to be authorized and documented; please see the attached example of a refund, showing authorization and proof of original payment. All future documents will note the reason for the refund, as well as continue to verify original payment and proper authorization.

CAP #3: Data Integrity

1. Incomplete information is used to reconcile net cash receipts to the number of teams on the published standings. The information would not necessarily account for all payment refunds or adjustments.

<u>Response</u>: Beginning with the Winter 2008 Softball Registration, PRCF accounting staff, (separate from the registration staff), is auditing Adult Sports Registrations. The new process includes reconciling the number of teams published to the General Ledger report from RecTrac which identifies all transaction types for registration payments.

2. Reconciliations are not performed by and independent employee, which contributed to PRCF's failure to identify a \$20 underpayment.

Response: In addition to CAP 1.1, PRCF accounting staff performs an independent review of Adult Sports Registrations.

3. Several PRCF employees involved with Adult Softball have inappropriate RecTrac access rights, such as program staff with the ability to process payments and refunds. Response: Previous versions of RecTrac were inadequate in allowing appropriate security levels. With the recent RecTrac upgrade (10.1.m) security levels and user rights are defined for each employee according to job responsibilities. These changes are being completed by the Information Technology Department (ITD) in conjunction with department reviewing access rights and levels of security.

CAP #4: Risk Management

1. Management did not follow-through in identifying and addressing the significant risks associated with the Adult Sports program as demonstrated by the other control weaknesses noted during the follow-up review.

Response: During the initial audit, the use of a "control self-assessment" was offered. While PRCF acknowledges the offer, this was not a requirement. In lieu of conducting a control self

assessment, we created and established several measures: Mandatory cash handling training for employees was conducted at the beginning of this year; cash handling training is addressed annually for all PRCF employees and is a mandatory component of the department's PAF process; we also focused on identifying and separating duties; and conducted supervisor training.

2. Management did not strengthen other data integrity controls after learning that the League Scheduling Module is not a viable option for tracking league activity.

Response: While awaiting the RecTrac upgrade to 10.1.m, measures were taken to ensure data integrity such as identifying separation of duties (from authorization, internal audits, cash handling, reconciling, etc.). Testing is also being conducted on the current version of RecTrac (10.1.m) to determine if it is a viable option. The anticipated start date for use of this module would be Summer 2009 registration. Management took immediate action to implement processes to document transactions to the best of our ability given available resources.

Attachments:

Refund documentation

PRCF Guideline: Financial Management Policy

TUO OALEO KEÇEIPT

Receipt# Payment Date: Household #: Home Phone: Work Phone:

1062973 07/19/2008



Original Payment.

Fees + Tax

460.00



South Center Street Campus 200 S. Center St Bldg. 1 Mesa AZ 85210 Phone: (480)644-2352

Discount

0.00

POS	Transact	ion	Details
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Misc:

Adt Softball-double, 1065

Quantity;

Family Member:

Scott

Processed on 07/19/08 @ 06:33:09 by PZI

Sale Comments:

Team: 3 up 3 down

pd by cc

CEES CHARGED ON NEW LINE ITEMS (A)	400.00
FEES CHARGED ON NEW LINE ITEMS (+) DISCOUNT APPLIED AGAINST THESE FEES (-)	460.00 0.00
NEW AMOUNT DUE	460.00
PREVIOUS NET HOUSEHOLD BALANCE	0.00
TOTAL DUE	460.00
NEW FEES PAID ON THIS RECEIPT (-)	460.00
TOTAL PAID	450.00
NEW NET HOUSEHOLD BALANCE	0.00

Prev Paid

0.00

Cur Paid

460.00

Amount Due

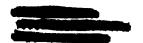
0.00

Receipt # Payment Date: Household #: Home Phone: Work Phone:

.... VIND NECEIFT

1066224 07/28/2008





Mesa Parks & Recreation Mesa Parks & Recreation 6945 E Decatur Mesa AZ 85207 Phone: (480)644-5319

S Transaction	n Details		·
Misc: Quentity:	Adt Softball-double, 1065 -1	Fees + Tax Discount Prev Pai 460.00 0.00 460.0	
Sale Comments:	Team Three up and Three dov	wn Cancelleing per Jared Alder	
		PREVIOUS NET HOUSEHOLD BALANCE	
Processed on 07/28/08 @ 10:05:23 by AHA		FEES CHANGED ON CANCELLED ITEMS (+) DISCOUNT APPLIED AGAINST CANCELLED	
		NET AMOUNT FROM CANCE	ELLED ITEMS 460
,		TOTAL AMOUNT REFUNDED	. 460
		NEW NET HOUSEHOLD BALANCE	0.
efund of ==> 460.00	Made By ==> CREDIT CARD () Card#: xx	OXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	
Authorized Disco	h.c.a		:
Authorized Signal	rure Date	Authorized Signature	

Refund Pur Jared



PARKS & RECREATION DIVISION

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Adult Sports Team Registration / Roster Team No.: MAA-TUES STEP A STEP B STEP C STEP D Check your classification
Mens AA - A - B - C - D
Womens AA - A - B - C Select your Sport Preference of Play Last Season Information Softball Monday 1. What was your class last season? A Baseball Tuesday а 2. Dld you win your league? NO Flag Football Co-Rec AA - A - B - C - D Wednesday 0 3. Did you win your tournament? No Soccer Seniors 1 2 3 4 5 6 7 🗔 Thursday 0 4. Last season's team name? 3 Up 3 Down Volleyball **SEASON** Friday 0 Basketball incomplete rosters will O Fall **□**Winter Saturday O ☐ Sand Volleyball □Spring □ Summer Sunday not be accepted. Year (Not guaranteed) **Cash** □Check; # Credit Card: # exp.: Date Entry Received: Household ID # TEAM NAME: 3 Up 3 Down E-mail Address: (Coach's Name: Scott Assistant Coach's Name: David 4 Address: Address: City: Zip:_ City: Mesa Zip: Phone: (h) (w/c) Phone: (h) _(w/c)_ Player's Name Address City Zip Phone 1. Scott€ Mesa 85208 2. David Mosa 85208 3. **Rick** Mesa 85213 Ryan (Mesa 85207 Kennedy • **Phoenix** 85048 Daryle I **Phoenix** 85048 Jason (Phoenix 85048 Dan (Phoenix 85048 9. Jacob 4 **Phoenix** 85048 10. Omar(Mesa 85213 11. Jacob# Mesa 85203 12. Josh. Mesa 85213 13. Bo 4 Mesa 85213 14. Alex . Mesa 85213 15 Paul Mesa 85213 16. Mesa 85204 17. Mesa 85212 18. Eric I Mesa 85209 19 **Dusting** Mesa 85204 20.

Mesa

85209

I understand that each participant involved in recreation or sports plays at his her own risk and is responsible for his/her health insurance. COACH OR MANAGER'S SIGNATURE



PRCF Guideline: Financial Management Policy

Established: February, 2008

Purpose

The Parks, Recreation and Commercial Facilities Department (PRCF) has many varied financial activities. These activities include petty cash funds; change funds; revenues generated from facility activities such as: swim pools, sports complexes, cemetery, convention center, amphitheatre, recreation centers, etc.; and the issuance of special use permits, reservations, rentals and registrations through the RecTrac and FastBook Systems at department offices.

It is the intent of the PRCF Department to safeguard City assets, especially cash; to advocate department integrity; and to maintain the public's trust and confidence through proper use of these funds. Therefore, this policy is established to minimize risks and to provide internal controls for cash handling activities. Many of the department procedures are required by City policy and compliance is critical to the continued success of departmental operations.

General Guidelines:

This department policy is created to supplement City of Mesa Policy #210 for financial overview of cash handling.

Every supervisor and employee responsible for overseeing, receipting, depositing or reconciling cash and its equivalent are required to go through a cash handling certification process. It is the responsibility of the Program Supervisor to ensure that certification for cash handling training is completed before an employee handles any monies.

It is the responsibility of Program Supervisors to ensure that staff are trained on cash handling procedures appropriate to their specific areas. A more job specific training manual will be created in each program area and be made available to all staff. These cash handling procedures will be reviewed and approved by management. Job Specific Cash Handling Procedures documents will be created and included as an attachment to this

policy. Any changes or revisions to cash handling procedures will be submitted for approval to management annually.

The **only** staff authorized to handle and process payments are the designated staff in each work area that <u>have the ability to record the transaction and provide a receipt to the patron.</u> Some examples include: Convention Center – box office staff; Pools – designated lifeguard staff; Red Mountain Multigenerational Center – front desk staff; Cemetery –customer service staff.

Staff shall retain this document to review as necessary. Program Supervisors are responsible to review this policy and all job-specific cash handling procedures with their staff. The Employee Acknowledgement Form must be reviewed and signed annually through the PAF process. This form is to then be retained by the supervisor and is subject to audit.

Temp Agency Workers are not authorized to handle City funds. Exceptions to this will be reviewed on a case-by-case basis with either the Department Director or designee.

A. Cash Handling:

For the purpose of clarity, **CASH** includes coin, currency and checks. All cash collected shall be deposited within a reasonable period to ensure that cash on hand is minimal.

During daily activities, cash, cash funds and cash related forms (e.g., punch cards, swim pool passes, comp tickets) should be secured at all times in a cash register, locked box, safe or box office. All cash, change funds, petty cash funds and receipts should also be secured throughout the day and retained overnight in a locked safe.

Keys to cash register or box office and/or safe combinations should be limited to as few employees as is reasonable to manage funds. These should be changed periodically or when major staffing changes occur to minimize risk.

I. Credit Cards:

The City of Mesa accepts Visa, MasterCard, American Express and Discover credit cards. Charges are accepted at all facilities except swim pools, Webster and Jefferson Rec Centers. Credit card charges shall adhere to the terms and agreements as set forth by Payment Card Industry (PCI) and any related City policy. Refunds shall be credited back to the original card, not paid out in cash. All credit card numbers shall be kept confidential.

II. Checks:

All checks shall be made payable to CITY OF MESA. Upon receipt of the check, it shall be stamped on the TOP of the back "For Deposit Only, City of Mesa Location, Chase Bank Account No 9000-2519".

III. Returned Checks:

When a bank has returned a check made payable to the City of Mesa, it is first received by Customer Service and then forwarded to the department. Department accounting staff will notify program staff so that patron participation is immediately suspended until the returned check is paid in full. Patron is also formally notified by letter of this returned check with information provided to reimburse the City.

There is a City processing fee of \$25.00 for all returned checks. <u>Cash</u>, <u>cashier's check or money order</u> are the **only** forms of payment accepted for a returned check.

IV. Patron Purchase Orders:

Purchase orders may be accepted for group participation, (i.e. Mesa Public Schools, etc.). Staff shall process the transaction using the original purchase order as the form of payment. Original P.O. and copy of the customer receipt shall be forwarded to department accounting to process for payment prior to the reservation date.

V. Refunds:

Refunds shall be documented and approved by the program supervisor. Refunds will be made either by credit card (crediting directly back to a patron's credit card) or by processing the refund request to the department accounting section. The department accounting staff will process the request by Invoice for Payment (IFP) to Finance and a check cut will be made payable to the patron and mailed to the patron's address.

B. Audits:

Supervisors, department accounting staff or City Auditors shall make periodic, unannounced audits of cash funds to ensure the integrity of City funds. Any variance in the fund shall be explained and reported via memo to the Assistant Director and Director, who shall take action deemed appropriate.

C. Petty Cash Funds, Change Funds:

These funds are established and monitored by the Finance Department. They shall be used and maintained in accordance with City Policy. Refer to the City of Mesa Management Policy #203 for specific guidelines. Custodians are designated and/or reassigned as changes to staff or assignments occur.

Petty Cash shall <u>not</u> be used for cash advances or reimbursement of: travel, subscriptions, memberships, registrations or tuition; cashing of personal/payroll checks; payment to employees for personal services; or items otherwise available from the Materials and Supply department.

Change Funds and Petty Cash Funds are subject to audits. The custodian shall immediately report any discrepancy discovered in these funds to an office supervisor.

D. Document Retention:

All department revenue and/or related accounting documents are to be retained for a period of one to three years as follows:

Documents that originate in the department and are forwarded to Finance for final processing (Daily deposits, G/L reports, Facility Cash Journals, Invoices for Payment, Limited Purchase Orders, etc.) shall be retained for the current fiscal year and the previous fiscal year.

The Financial Section of the department shall retain documents generated by the department and are not forwarded to Finance for a period of three years. Refer to the City policy on Document Retention.



PARKS, RECREATION & COMMERCIAL FACILITIES

EMPLOYEE ACKNOWLEDGEMENT FINANCIAL MANAGEMENT PROCEDURES

I hereby acknowledge receipt of the Parks, Recreation and Commercial Facilities (PRCF) Financial Management Procedures. I have read and understand its contents as it relates to my current job duties and as outlined by my supervisor. Failure to comply with this policy may lead to disciplinary action up to and including dismissal from employment. I also understand my responsibility to keep current on any changes to this policy, to comply with these changes, and to immediately report any irregularities.

Employee's Name (printed)	Employee's Signature		
Date:	Employee Number:		
I have provided the employee named above a copy of PRCF Financial Management Policy, in addition to any job specific Cash Handling Procedures that may apply to this position; and have reviewed appropriate sections as it pertains to his/her duties.			
Supervisor Signature:	_		
Date:	Employee Number:		

Note: This document is to be reviewed and signed annually with their PAF and retained by the supervisor.